

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 EA-09 ISO-00 OES-07 SS-15 ERDA-07
PM-04 SIG-02 ACDA-10 CIAE-00 INR-07 IO-14 L-03
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AID-05 CEA-01 COME-00 EPG-02 FPC-01 H-02 INT-05
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PM/NPP:MCGUINNESS
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P 211642Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY ANKARA PRIORITY
AMEMBASSY ATHENS PRIORITY
AMEMBASSY BERN PRIORITY
AMEMBASSY BONN PRIORITY
AMEMBASSY BRUSSELS PRIORITY
AMEMBASSY COPENHAGEN PRIORITY
AMEMBASSY DUBLIN PRIORITY
AMEMBASSY LONDON PRIORITY
AMEMBASSY LUXEMBOURG PRIORITY
AMEMBASSY MADRID PRIORITY
AMEMBASSY OSLO PRIORITY
AMEMBASSY OTTAWA PRIORITY
AMEMBASSY PARIS PRIORITY
AMEMBASSY ROME PRIORITY
AMEMBASSY STOCKHOLM PRIORITY
AMEMBASSY THE HAGUE PRIORITY
AMEMBASSY TOKYO PRIORITY
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AMEMBASSY VIENNA PRIORITY
AMEMBASSY WELLINGTON PRIORITY

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USOECN ALSO FOR EMBASSY, USEC ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: ENRG, IEA

SUBJECT: SLT CHAIRMAN'S NOTE ON NUCLEAR ENERGY FOR
GOVERNING BOARD MEETING ON JUNE 27

1. ADDRESSEES PLEASE PASS SLT CHAIRMAN'S NOTE ON NUCLEAR ENERGY TO HOST GOVERNMENT OFFICIALS RESPONSIBLE FOR SLT MATTERS DRAWING ON PARA 2 TO EXPLAIN ITS STATUS. USOECD PASS TO SECRETARIAT.

2. AT THE SLT MEETINGS JUNE 16-17, WE AGREED THAT THE CHAIRMAN WOULD REDRAFT THE NOTE TO THE GOVERNING BOARD INCORPORATING COMMENTS DURING OUR DISCUSSION OF THIS ISSUE TO PROVIDE A GENERAL FRAMEWORK AND FOCUS FOR THE GOVERNING BOARD'S DISCUSSION ON JUNE 27. THE REDRAFT TO BE CIRCULATED FOR THE GB MEETING IS SET OUT BELOW.

3. SLT CHAIRMAN'S NOTE ON NUCLEAR ENERGY

THE SLT BELIEVES IT WOULD BE USEFUL TO PROVIDE THE GOVERNING BOARD WITH A BRIEF DISCUSSION PAPER ON NUCLEAR ENERGY AS A CONTRIBUTION TO ITS DISCUSSION OF THIS SUBJECT ON JUNE 27, AND TO THE EFFORT TO DEFINE AN APPROPRIATE ROLE FOR THE IEA IN THIS AREA. THIS PROCESS UNCLASSIFIED

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WILL ALSO ENABLE THE GOVERNING BOARD TO PROVIDE FURTHER GUIDANCE TO THE SLT AND ITS NUCLEAR SUBGROUP FOR FUTURE WORK ON NUCLEAR ENERGY.

THE RECENT REVIEWS OF NATIONAL ENERGY PROGRAMS IN THE IEA UNDERLINED THE IMPORTANCE OF NUCLEAR ENERGY FOR THE ATTAINMENT OF OUR OBJECTIVE OF REDUCING OIL IMPORTS. OTHER THAN THROUGH SUBSTANTIALLY REINFORCED CONSERVATION PROGRAMS OR SIGNIFICANTLY GREATER USE OF COAL FOR ELECTRICITY GENERATION THAN NOW ENVISAGED, THERE ARE NO AVAILABLE ALTERNATIVES TO REPLACE THE NUCLEAR POWER CAPACITY CURRENTLY PROJECTED TO COME ON STREAM IN IEA COUNTRIES BY 1985. ANY FURTHER REDUCTION IN THAT CAPACITY WOULD PLACE A SERIOUS BURDEN ON THE ABILITY OF THE GROUP TO REDUCE OIL IMPORTS THEREBY GREATLY INCREASING THE POTENTIAL ECONOMIC RISKS OF THE EMERGING SITUATION IN THE WORLD ENERGY MARKET.

OVER THE PAST SEVERAL YEARS, THERE HAVE BEEN NATIONAL DEBATES ON THE ISSUE OF NUCLEAR ENERGY IN MOST IEA COUNTRIES. THE RESULT HAS BEEN CONSIDERABLE SLIPPAGE IN THE POTENTIAL CONTRIBUTION OF NUCLEAR POWER TO ENERGY SUPPLY. IN LESS THAN TWO YEARS, IEA PROJECTIONS FOR INSTALLED NUCLEAR CAPACITY IN MEMBER COUNTRIES IN 1985 HAVE DROPPED BY ALMOST HALF, FROM 429 GWE TO 220 GWE.

THE RECENT REDUCTIONS IN NUCLEAR POWER PROJECTIONS
ARE DUE IN LARGE PART TO ECONOMIC FACTORS:

- LOWER GDP GROWTH PROJECTIONS
- OVERCAPACITY IN THE ELECTRICAL SECTOR
- COMMITMENTS TO NON-NUCLEAR POWER STATIONS PRIOR TO
THE 1973 CRISIS.

IN ADDITION, THERE IS INCREASING POLITICAL CONCERN OVER
THE RISK OF NUCLEAR WEAPONS PROLIFERATION. ALSO, THE
PUBLIC DEBATE OVER SAFETY AND ENVIRONMENTAL ISSUES CONTIN-
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UES. THE US GOVERNMENT'S RECENT DECISION TO DEFER
REPROCESSING OF SPENT FUEL FROM NUCLEAR POWER PLANTS AND TO
SLOW COMMERCIALIZATION OF THE BREEDER REACTOR WHILE AN EXAM-
INATION OF OTHER FUEL CYCLE OPTIONS IS UNDERTAKEN, ALSO
RAISES A NUMBER OF IMPORTANT ISSUES.

IEA CONCERNS AND PERSPECTIVE

ANY ATTEMPT TO DEFINE A ROLE FOR THE IEA IN THE
NUCLEAR AREA MUST RECOGNIZE THE EXISTENCE OF OTHER INTER-
NATIONAL INSTITUTIONS ALREADY DEALING WITH VARIOUS ASPECTS
OF NUCLEAR ENERGY SUCH AS NON-PROLIFERATION, SAFEGUARDS,
ETC. IN DEFINING ITS ROLE, THE IEA MUST BE CAREFUL TO
AVOID ANY DUPLICATION WITH ACTIVITIES EFFECTIVELY UNDER-
TAKEN BY OTHER INSTITUTIONS.

HOWEVER, NONE OF THESE EXISTING BODIES HAS THE BROAD
ENERGY POLICY MANDATE OR THE OVERALL ENERGY SECURITY AND
ECONOMIC AND POLITICAL PERSPECTIVE OF THE IEA. IN
DEFINING THE MOST APPROPRIATE ROLE FOR THE IEA, THIS
BASIC FACT SHOULD BE KEPT CLEARLY IN MIND. IN PRACTICAL
TERMS, IT MEANS KEYING THE IEA ROLE TO THE IDENTIFICATION
AND REMOVAL OF CONSTRAINTS TO THE USE AND FUTURE GROWTH
OF NUCLEAR ENERGY THROUGH COOPERATION BETWEEN MEMBER
COUNTRIES.

IN THIS GENERAL CONTEXT, THE KEY ISSUE FOR IEA
COUNTRIES IS SECURITY OF NUCLEAR ENERGY SUPPLY --LONG-TERM
AVAILABILITY OF AND ACCESS TO FUEL AND WASTE MANAGEMENT
TECHNIQUES AND SERVICES AND THE TERMS AND CONDITIONS OF
SUCH AVAILABILITY AND ACCESS. THE FOLLOWING ISSUES ARE
RELATED TO THIS, THE MOST CRITICAL QUESTION.

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1. ASSESSMENT OF FUTURE ELECTRICITY DEMAND AND NUCLEAR
POWER CAPACITY REQUIRED TO MEET IT.
(THE NUCLEAR SUBGROUP OF THE SLT HAS ADDRESSED THIS
QUESTION IN ITS ANNUAL REVIEW OF THE NUCLEAR SECTOR

AND INTENDS TO EXAMINE IT IN GREATER
DETAIL DURING THE FORTHCOMING REVIEW OF NATIONAL
ENERGY PROGRAMS.)

2. URANIUM RESOURCE AVAILABILITY -- HOW MUCH URANIUM
IS THERE? -- VALIDATION OF RESOURCE ESTIMATES.

-- HOW LONG WILL EXISTING NATURAL URANIUM RESOURCES
LAST AT CURRENTLY PROJECTED RATES OF USE?

-- WHAT COOPERATIVE OR OTHER ARRANGEMENTS ARE
FEASIBLE TO ASSURE AVAILABILITY AND ACCESS TO
URANIUM SUPPLIES TO COUNTRIES WHICH DO NOT HAVE
INDIGENOUS RESOURCES?
(THE IAEA AND NEA JOINTLY STUDY URANIUM RESOURCES
IN THE EXISTING MAIN PRODUCERS. THE IEA IS CURRENTLY
INVOLVED WITH BOTH THESE AGENCIES IN AN EXERCISE
STUDYING CERTAIN POTENTIAL NEW URANIUM PRODUCERS.
BUT TOTAL INFORMATION AVAILABLE FROM THESE INTER-
NATIONAL STUDIES AND NATIONAL URANIUM RESOURCE
EVALUATION EFFORTS MAY NOT BE ADEQUATE TO PROVIDE
NECESSARY INFORMATION.)

3. AVAILABILITY OF FUEL CYCLE FACILITIES AND SERVICES

A. FRONT END: ENRICHMENT

-- PROJECTIONS OF REQUIREMENTS AND ANTICIPATED NEW
CAPACITY.

-- WHAT COOPERATIVE OR OTHER ARRANGEMENTS ARE
FEASIBLE TO ENSURE THE AVAILABILITY OF ENRICHED
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URANIUM SUPPLIES AND/OR ACCESS TO ENRICHMENT
FACILITIES TO COUNTRIES WITHOUT INDIGENOUS CAPACITY?
(THE IEA HAS NOT DONE ANY WORK IN THIS AREA.)

B. BACK END: RADIOACTIVE WASTE MANAGEMENT AND DISPOSAL.

-- PROJECTIONS OF REQUIREMENTS FOR STORAGE AND/OR
DISPOSAL.

-- REPROCESSING OR ALTERNATIVE MEANS OF TREATMENT.

-- SPENT FUEL STORAGE: TEMPORARY, LONG TERM AND
RETRIEVABLE.

-- WHAT COOPERATIVE OR OTHER ARRANGEMENTS ARE
FEASIBLE TO DEAL WITH THESE QUESTIONS?
(THERE IS NO IEA WORK CURRENTLY UNDERWAY IN THE
AREA OF WASTE MANAGEMENT AND DISPOSAL. THE

IEA IS CURRENTLY INVOLVED

WITH THE NEA ON CERTAIN STUDIES OF RADIOACTIVE WASTE, THOUGH THEIR SCOPE IS COMPARATIVELY RESTRICTED. THE POSSIBILITY OF ADDITIONAL INTERNATIONAL COLLABORATION ON RADIOACTIVE WASTE (WHETHER WITHIN OR OUTSIDE THE IEA) IS UNDER STUDY IN THE NUCLEAR SUBGROUP AND IN THE COMMITTEE ON RESEARCH AND DEVELOPMENT. IN ADDITION, THE PROPOSED INTERNATIONAL FUEL CYCLE EVALUATION WOULD ADDRESS MANY OF THE ISSUES RAISED IN THIS AREA)

4. RESEARCH AND DEVELOPMENT

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-- BREEDER REACTORS AND ALTERNATE FUEL CYCLES WHICH ARE ECONOMICALLY, POLITICALLY AND ENVIRONMENTALLY ACCEPTABLE.

-- RADIOACTIVE WASTE DISPOSAL
(THE PROPOSED INTERNATIONAL FUEL CYCLE EVALUATION WOULD ADDRESS MANY OF THE ISSUES WHICH ARISE IN THIS AREA ALSO.)

IEA ROLE IN INFCE

TO ADDRESS NON-PROLIFERATION CONCERNS ON A COMPREHENSIVE BASIS, THE US GOVERNMENT HAS PROPOSED, AND IS ELABORATING IN CONCERT WITH OTHER COUNTRIES, AN INTERNATIONAL FUEL CYCLE EVALUATION (INFCE). THE BASIC PURPOSES OF THIS EFFORT, THE TERMS OF REFERENCE FOR WHICH ARE NOW BEING DEFINED, ARE TO:

-- ENHANCE INTERNATIONAL COOPERATION IN DEALING WITH COMMON CONCERNS RELATED TO THE USE OF CIVILIAN NUCLEAR POWER.

-- TO IDENTIFY AND ASSESS THE FEASIBILITY OF ALTERNATIVE NUCLEAR POWER SYSTEMS THAT MINIMIZE POTENTIAL PROLIFERATION RISKS WHILE ASSURING RELIABLE AND ECONOMICALLY ACCEPTABLE ENERGY SUPPLIES FOR EACH NATION.

CURRENT DISCUSSIONS ON THE ORGANIZATIONAL ASPECTS OF THE INTERNATIONAL FUEL CYCLE EVALUATION ENVISAGE THE CREATION OF VARIOUS GROUPS TO COORDINATE AND CARRY OUT THE ACTIVITIES UNDER CONSIDERATION. MEMBER COUNTRIES OF THE IEA WILL WANT TO ENSURE THAT ENERGY SECURITY ASPECTS AND THEIR POTENTIAL ECONOMIC IMPACT ARE FULLY CONSIDERED IN THE VARIOUS INFCE ACTIVITIES. THE IEA, WITH ITS BROAD ENERGY MANDATE, SHOULD CONSIDER HOW IT MIGHT MOST EFFECTIVELY CONTRIBUTE

TO THIS EVALUATION AT AN APPROPRIATE STAGE TO ENSURE
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THAT SUCH CONSIDERATIONS ARE FULLY TAKEN INTO ACCOUNT. VANCE

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Disposition Approved on Date:
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